

111TH CONGRESS  
1ST SESSION

# S. 677

To amend title XVIII of the Social Security Act to require wealthy beneficiaries to pay a greater share of their premiums under the Medicare prescription drug program.

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## IN THE SENATE OF THE UNITED STATES

MARCH 24, 2009

Mr. ENSIGN (for himself, Mrs. FEINSTEIN, Mr. GRASSLEY, Mr. GREGG, Mr. GRAHAM, and Mr. COBURN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to require wealthy beneficiaries to pay a greater share of their premiums under the Medicare prescription drug program.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Reforming an Entitle-  
5 ment through Premium Adjustments based on Income Re-  
6 sources (REPAIR) Act of 2009”.

1 **SEC. 2. INCOME-RELATED REDUCTION IN PART D PREMIUM**  
 2 **SUBSIDY.**

3 (a) INCOME-RELATED REDUCTION IN PART D PRE-  
 4 MIUM SUBSIDY.—

5 (1) IN GENERAL.—Section 1860D–13(a) of the  
 6 Social Security Act (42 U.S.C. 1395w–113(a)) is  
 7 amended by adding at the end the following new  
 8 paragraph:

9 “(7) REDUCTION IN PREMIUM SUBSIDY BASED  
 10 ON INCOME.—

11 “(A) IN GENERAL.—In the case of an indi-  
 12 vidual whose modified adjusted gross income  
 13 exceeds the threshold amount applicable under  
 14 paragraph (2) of section 1839(i) (including ap-  
 15 plication of paragraph (5) of such section) for  
 16 the calendar year, the monthly amount of the  
 17 premium subsidy applicable to the premium  
 18 under this section for a month after December  
 19 2009 shall be reduced (and the monthly bene-  
 20 ficiary premium shall be increased) by the  
 21 monthly adjustment amount specified in sub-  
 22 paragraph (B).

23 “(B) MONTHLY ADJUSTMENT AMOUNT.—  
 24 The monthly adjustment amount specified in  
 25 this subparagraph for an individual for a month  
 26 in a year is equal to the product of—

1 “(i) the quotient obtained by divid-  
2 ing—

3 “(I) the applicable percentage de-  
4 termined under paragraph (3)(C) of  
5 section 1839(i) (including application  
6 of paragraph (5) of such section) for  
7 the individual for the calendar year  
8 reduced by 25.5 percent; by

9 “(II) 25.5 percent; and

10 “(ii) the base beneficiary premium (as  
11 computed under paragraph (2)).

12 “(C) MODIFIED ADJUSTED GROSS IN-  
13 COME.—For purposes of this paragraph, the  
14 term ‘modified adjusted gross income’ has the  
15 meaning given such term in subparagraph (A)  
16 of section 1839(i)(4), determined for the tax-  
17 able year applicable under subparagraphs (B)  
18 and (C) of such section.

19 “(D) DETERMINATION BY COMMISSIONER  
20 OF SOCIAL SECURITY.—The Commissioner of  
21 Social Security shall make any determination  
22 necessary to carry out the income-related reduc-  
23 tion in premium subsidy under this paragraph.

1           “(E) PROCEDURES TO ASSURE CORRECT  
2 INCOME-RELATED REDUCTION IN PREMIUM  
3 SUBSIDY.—

4           “(i) DISCLOSURE OF BASE BENE-  
5 FICIARY PREMIUM.—Not later than Sep-  
6 tember 15 of each year beginning with  
7 2009, the Secretary shall disclose to the  
8 Commissioner of Social Security the  
9 amount of the base beneficiary premium  
10 (as computed under paragraph (2)) for the  
11 purpose of carrying out the income-related  
12 reduction in premium subsidy under this  
13 paragraph with respect to the following  
14 year.

15           “(ii) ADDITIONAL DISCLOSURE.—Not  
16 later than October 15 of each year begin-  
17 ning with 2009, the Secretary shall dis-  
18 close to the Commissioner of Social Secu-  
19 rity the following information for the pur-  
20 pose of carrying out the income-related re-  
21 duction in premium subsidy under this  
22 paragraph with respect to the following  
23 year:

24                           “(I) The modified adjusted gross  
25 income threshold applicable under

1 paragraph (2) of section 1839(i) (in-  
2 cluding application of paragraph (5)  
3 of such section).

4 “(II) The applicable percentage  
5 determined under paragraph (3)(C) of  
6 section 1839(i) (including application  
7 of paragraph (5) of such section).

8 “(III) The monthly adjustment  
9 amount specified in subparagraph  
10 (B).

11 “(IV) Any other information the  
12 Commissioner of Social Security de-  
13 termines necessary to carry out the  
14 income-related reduction in premium  
15 subsidy under this paragraph.

16 “(F) RULE OF CONSTRUCTION.—The for-  
17 mula used to determine the monthly adjustment  
18 amount specified under subparagraph (B) shall  
19 only be used for the purpose of determining  
20 such monthly adjustment amount under such  
21 subparagraph.”.

22 (2) COLLECTION OF MONTHLY ADJUSTMENT  
23 AMOUNT.—Section 1860D–13(c) of the Social Secu-  
24 rity Act (42 U.S.C. 1395w–113(c)) is amended—

1 (A) in paragraph (1), by striking “(2) and  
2 (3)” and inserting “(2), (3), and (4)”; and

3 (B) by adding at the end the following new  
4 paragraph:

5 “(4) COLLECTION OF MONTHLY ADJUSTMENT  
6 AMOUNT.—

7 “(A) IN GENERAL.—Notwithstanding any  
8 provision of this subsection or section  
9 1854(d)(2), subject to subparagraph (B), the  
10 amount of the income-related reduction in pre-  
11 mium subsidy for an individual for a month (as  
12 determined under subsection (a)(7)) shall be  
13 paid through withholding from benefit pay-  
14 ments in the manner provided under section  
15 1840.

16 “(B) AGREEMENTS.—In the case where  
17 the monthly benefit payments of an individual  
18 that are withheld under subparagraph (A) are  
19 insufficient to pay the amount described in such  
20 subparagraph, the Commissioner of Social Se-  
21 curity shall enter into agreements with the Sec-  
22 retary, the Director of the Office of Personnel  
23 Management, and the Railroad Retirement  
24 Board as necessary in order to allow other  
25 agencies to collect the amount described in sub-

1 paragraph (A) that was not withheld under  
2 such subparagraph.”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) MEDICARE.—Part D of title XVIII of the  
5 Social Security Act (42 U.S.C. 1395w–101 et seq.)  
6 is amended—

7 (A) in section 1860D–13(a)(1)—

8 (i) by redesignating subparagraph (F)  
9 as subparagraph (G);

10 (ii) in subparagraph (G), as redesign-  
11 nated by subparagraph (A), by striking  
12 “(D) and (E)” and inserting “(D), (E),  
13 and (F)”;

14 (iii) by inserting after subparagraph  
15 (E) the following new subparagraph:

16 “(F) INCREASE BASED ON INCOME.—The  
17 monthly beneficiary premium shall be increased  
18 pursuant to paragraph (7).”; and

19 (B) in section 1860D–15(a)(1)(B), by  
20 striking “paragraph (1)(B)” and inserting  
21 “paragraphs (1)(B) and (1)(F)”.

22 (2) INTERNAL REVENUE CODE.—Section  
23 6103(l)(20) of the Internal Revenue Code of 1986  
24 (relating to disclosure of return information to carry

1 out Medicare part B premium subsidy adjustment)  
2 is amended—

3 (A) in the heading, by striking “PART B  
4 PREMIUM SUBSIDY ADJUSTMENT” and inserting  
5 “PARTS B AND D PREMIUM SUBSIDY ADJUST-  
6 MENTS”;

7 (B) in subparagraph (A)—

8 (i) in the matter preceding clause (i),  
9 by inserting “or 1860D–13(a)(7)” after  
10 “1839(i)”; and

11 (ii) in clause (vii), by inserting after  
12 “subsection (i) of such section” the fol-  
13 lowing: “or under section 1860D–13(a)(7)  
14 of such Act”;

15 (C) in subparagraph (B)—

16 (i) by inserting “or such section  
17 1860D–13(a)(7)” before the period at the  
18 end;

19 (ii) as amended by clause (i), by in-  
20 sserting “or for the purpose of resolving tax  
21 payer appeals with respect to any such pre-  
22 mium adjustment” before the period at the  
23 end; and

24 (iii) by adding at the end the fol-  
25 lowing new sentence: “Officers, employees,



1 and contractors of the Social Security Ad-  
2 ministration may disclose such return in-  
3 formation to officers, employees, and con-  
4 tractors of the Department of Health and  
5 Human Services, the Office of Personnel  
6 Management, the Railroad Retirement  
7 Board, the Department of Justice, and the  
8 courts of the United States to the extent  
9 necessary to carry out the purposes de-  
10 scribed in the preceding sentence.”; and

11 (D) by adding at the end the following new  
12 subparagraph:

13 “(C) TIMING OF DISCLOSURE.—Return in-  
14 formation shall be disclosed to officers, employ-  
15 ees, and contractors of the Social Security Ad-  
16 ministration under subparagraph (A) not later  
17 than the date that is 90 days prior to the date  
18 on which the taxpayer first becomes entitled to  
19 benefits under part A of title XVIII of the So-  
20 cial Security Act or eligible to enroll for benefits  
21 under part B of such title.”.

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